

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish
Policies and Cost Recovery Mechanisms for
Generation Procurement and Renewable
Resource Development.

Rulemaking 01-10-024
(Filed October 25, 2001)

**ADMINISTRATIVE LAW JUDGE'S RULING
SETTING PREHEARING CONFERENCE**

Summary

A prehearing conference (PHC) is set for Friday, July 22, 2005, at 1:30 p.m., at the Commission's Courtroom, State Office Building, 505 Van Ness Avenue (at McAllister), San Francisco, California.

Background

On June 30, 2005, the Commission issued Decision (D.) 05-06-062 granting limited rehearing of D.04-06-011 regarding the Otay Mesa Power Purchase Agreement (PPA). D.04-06-011 granted, with modifications, San Diego Gas & Electric Company's (SDG&E) motion for Commission authorization to enter into new electric resource contracts with Comverge, Envirepel, Ramco, Palomar and Otay Mesa. SDG&E's motion stated that the contracts were the result of a request for proposal (RFP) issued by SDG&E to solicit bids to procure energy to meet its short- and long-term grid reliability needs.

The decision granting limited rehearing of D.04-06-011 was based on the determination that the Commission should not have considered the Otay Mesa

PPA a “winning bidder” of SDG&E’s RFP, but instead a bilateral contract to meet needs of the utility outside the scope of the RFP.

D.05-06-062 found that SDG&E had already established a need for the Otay Mesa PPA, but that the record did not contain evidence to demonstrate that the PPA is beneficial to SDG&E ratepayers and that the PPA is reasonable pursuant to Pub. Util. Code § 454.5(c)(3).

Scope of Rehearing

The scope of the rehearing is limited to the determination whether the Otay Mesa PPA provides ratepayer benefits and is reasonable pursuant to Pub. Util. Code § 454.5(c)(3). Since the rehearing order leaves pending the issue of whether the Otay Mesa PPA should be approved by the Commission, resolution of this matter needs to proceed on an expedited schedule to allow SDG&E to plan for grid reliability in the near and long term. Parties should come to the PHC prepared to discuss a schedule for the service of prepared testimony and for evidentiary hearings.

Service List

There is already a service list for R.01-10-024. However, A separate service list will be established at the PHC for those interested in participating in, or being on the service list for, the rehearing on the Otay Mesa PPA.

IT IS RULED that a prehearing conference is scheduled for Friday, July 22, 2005, at 1:30 p.m., at the Commission's Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

Dated July 8, 2005, at San Francisco, California.

/s/ CAROL A. BROWN

Carol A. Brown
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties for whom an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling Setting Prehearing Conference on all parties of record in this proceeding or their attorneys of record.

Dated July 8, 2005, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.